



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL AND GAS

550 W. 7th Avenue Suite 1100
Anchorage, Alaska 99501-3560
Main: 907.269.8800
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June 13, 2018

Deborah Heebner
North Slope Environmental Specialist
Hilcorp Alaska, LLC
3800 Centerpoint Dr. Ste. 1400
Anchorage, AK 99503

RE: LONS 83-085, Hilcorp Alaska, LLC, Milne Point Unit, L Pad, Portable Modular Polymer Injection Facility Unit Plan of Operations Amendment Decision.

Dear Ms. Heebner:

The Alaska Department of Natural Resources, Division of Oil and Gas (Division), in accordance with Alaska Statute 38.05 and Alaska Oil and Gas Leasing Regulations (11 AAC 83) grants authorization to conduct activities on state lands as proposed in the Milne Point Unit (MPU) Plan of Operations (Plan) amendment application dated May 21, 2018 for the above referenced project.

Scope:

Hilcorp Alaska, LLC, (Hilcorp) requests approval to place a container-based polymer injection facility on L Pad in MPU. The facility will be adjacent to the existing transformer skid on L Pad. The facility will consist of four portable modular units (PMUs) that include a bulk bag storage/handling module, injection module, motor control center and utilities/site lab space module, and water pressure control and handling/conditioning module. One adjacent module will contain a water letdown skid. The injection of polymer is necessary to increase production from existing wells MPL-51, MPL-52, and MPL-53.

Plan activities include:

- Leveling existing gravel pad.
- Placement of 6-inch rig mats, measuring 30 feet in length, on the gravel pad.
- Stacking and securing four 45-foot by 8-foot by 9.5-foot PMUs.
- Placement of a 20-foot by 8-foot by 9.5-foot water letdown module.
- Installation of self-standing exterior landings for access to second level modules.
- Tying the new structure into existing above ground utilities.
- Installation of approximately 150 feet of new 3-inch insulated piping to tie-in water letdown skid to the pad water pump skid on new pipe supports.
- Installation of approximately 450 feet of new 2-inch insulated piping to tie-in to wells MPL-51, MPL-52, and MPL-53 to the pump skid.
- Installation of piping between the pump skid, mix skid and water letdown skid.
- Installation of electrical and instrumentation in PMUs.

Location information:

MPU

L Pad

Meridian: Umiat Township: 13N Range: 10E Section: 8

Lat: 70.496717°N, Long: -149.63534°W (NAD 1983)

ADL(s): 025509

Agency review:

As a courtesy, the application was circulated to the Alaska Department of Fish and Game (ADFG), Division of Mining, Land & Water (DMLW), and the Alaska Department of Environmental Conservation (ADEC). No comments were received.

Conditions/Stipulations:

1. A certified As-Built survey of the activity shall be provided within one year of placement of the improvement. This As-Built must be both digital and hard copy.

Please attach this amendment approval with the original decision. This unit operations amendment approval is issued in accordance with Alaska Statute 38.05, Alaska Administrative Codes 11 AAC 83.346 and 11 AAC 83.303. The Division reviewed this amendment under the unit regulation for the Plan, 11 AAC 83.346, and considers the factors set forth in 11 AAC 83.303(a) and (b). The amendment was also evaluated against the MPU agreement for conformance.

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after issuance of the decision, as defined in 11 AAC 02.040(c) and (d) and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

This approval signifies only that the State of Alaska has no objection to the operations outlined in the Plan amendment application. It does not constitute certification of any property right or land status claimed by the applicant nor does it relieve the applicant of responsibility to obtain approvals or permits from other persons or governmental agencies that may also be required. All stipulations contained in the original lease and subsequent Plan approvals remain in full force and effect.

If activities have not commenced, this approval expires on **June 13, 2021**. Failure to comply with the terms and conditions outlined in the lease, the attached stipulations, and this authorization may result in revocation of this unit operations approval.

Any questions or concerns about this amendment may be directed to Natural Resource Specialist James Hyun at 907-269-8885 or emailed to james.hyun@alaska.gov.

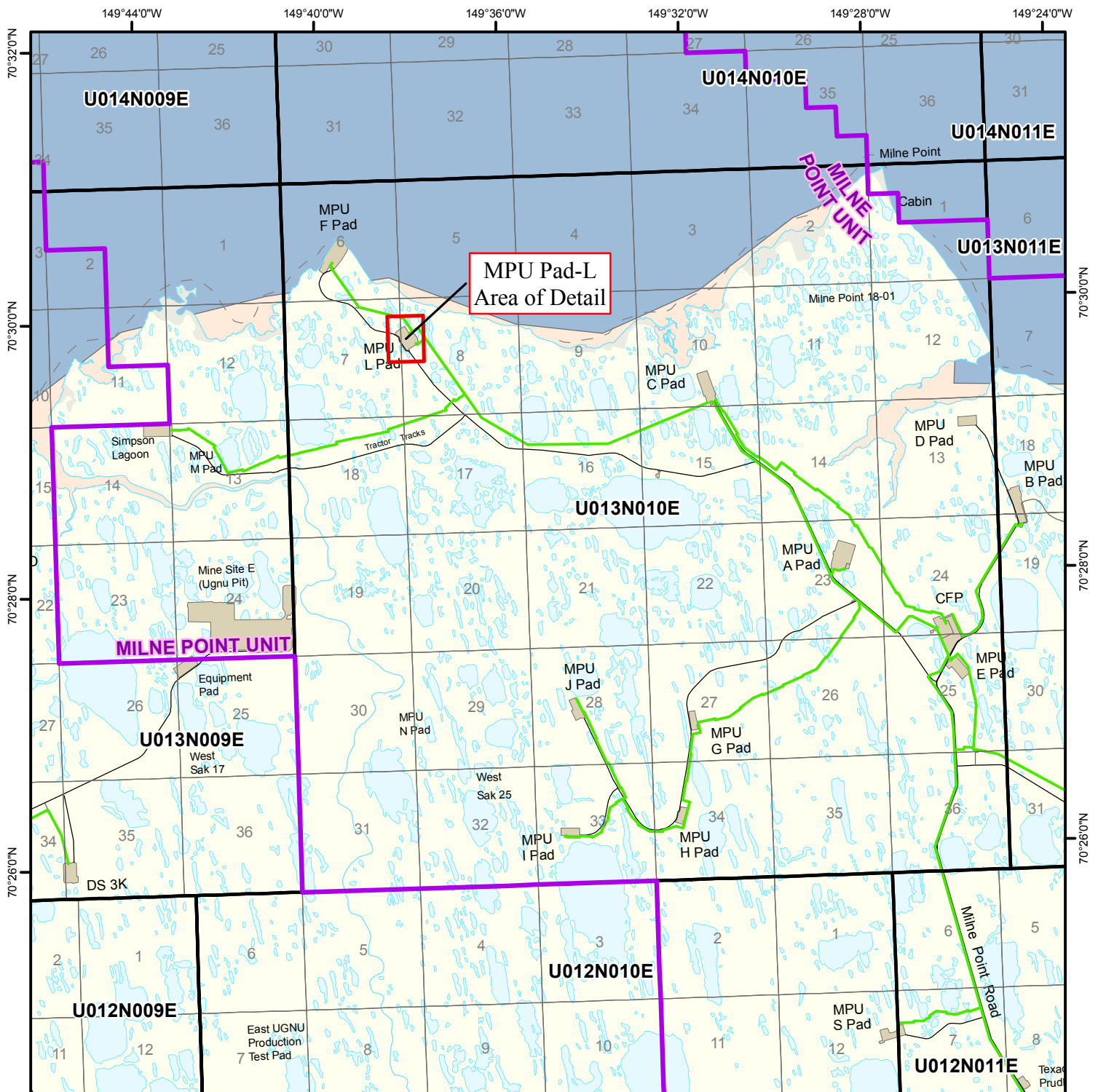
Sincerely,



Nathaniel Emery
Natural Resource Specialist

Attachments: Figure(s) 1-2

ecc: DOG: Graham Smith, Nathaniel Emery, and Paul Blanche
DMLW: Melissa Head, Kimberly Maher, Becky Baird, and Henry Brooks
ADF&G: Jack Winters
ADEC: Laurie Silfven



Project Location:
Milne Point Unit - L Pad

Latitude (Decimal Degrees): 70.496717, NAD 1983
Longitude (Decimal Degrees): -149.63534, NAD 1983

Alaska State Plane Zone 4, NAD 1983
X = 1685008.82
Y = 6031280.49

Sec. 7-8, T13N, R10E, Umiat Meridian

ADL#: 025509
Adjacent Property Owner: State of Alaska

Legend

- Existing Pipeline (Above Ground)
- Gravel Footprint
- Oil and Gas Unit Boundary



Map Date: 5/14/2018

Milne Point Unit MPU PAD-L Polymer Injection Facility Vicinity Map

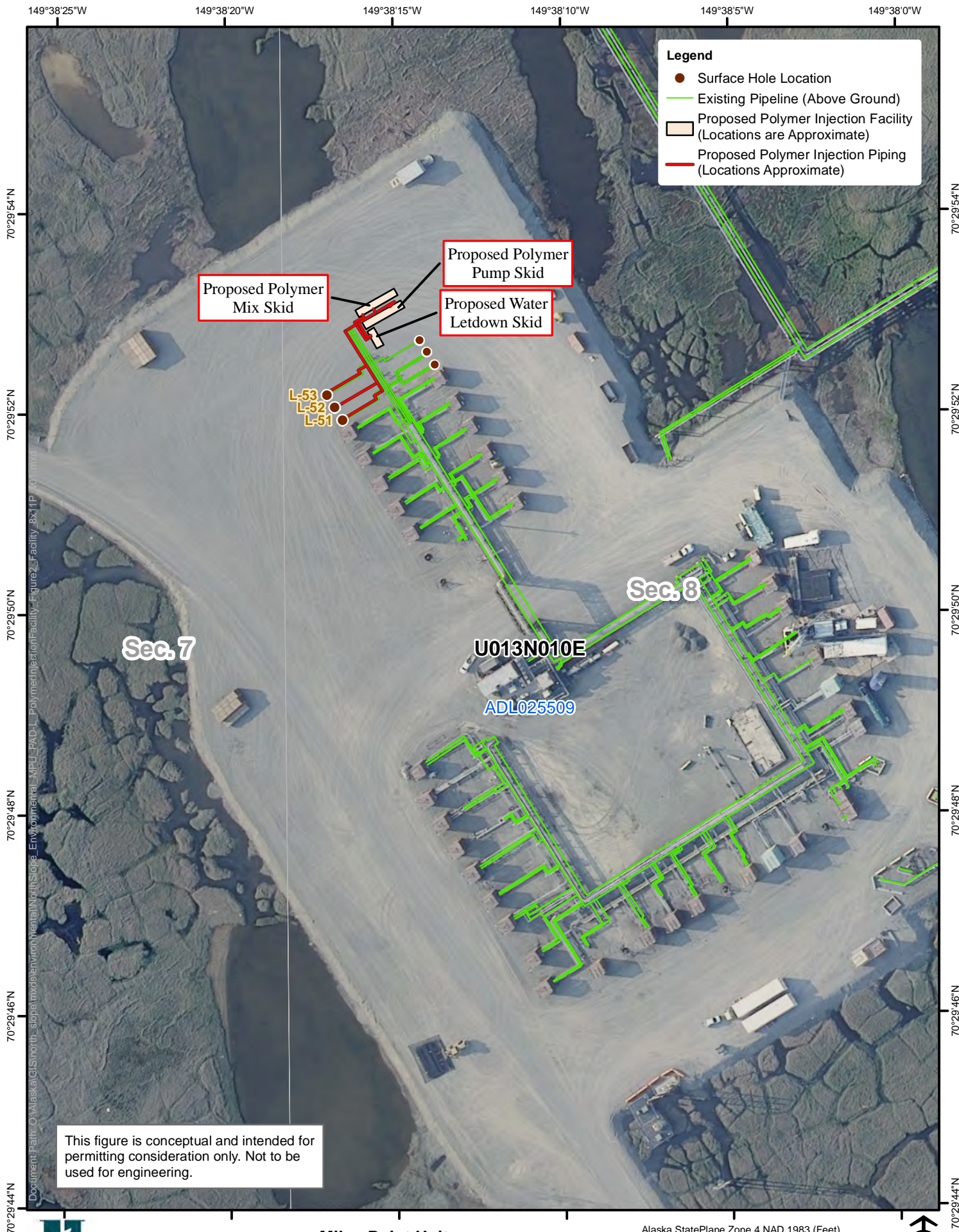
Alaska State Plane Zone 4 NAD 1983 (Feet)

0 1 2 Kilometers

0 1 2 Miles



Figure 1



This figure is conceptual and intended for permitting consideration only. Not to be used for engineering.



Map Date: 5/14/2018

**Milne Point Unit
MPU L-PAD
Polymer Injection Facility
Facility Map**

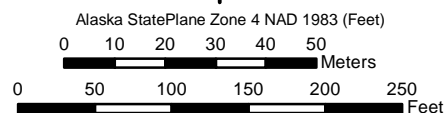


Figure 2